

# Western Payments Alliance

CAJ  
10/16

1111 Bayhill Drive · Suite 150 · San Bruno, CA 94066-3035 · 415/ 871-8762 · Fax 415/ 871-9326

December 15, 1997

Cynthia L. Johnson  
Director, Cash Management Policy and Planning Division  
Financial Management Service  
U.S. Department of the Treasury  
401 14<sup>th</sup> Street, S.W. Room 420  
Washington DC 20227

Dear Ms Johnson:

The Western Payments Alliance ("WesPay") respectfully submits these comments in response to the notice of proposed rule making issued by the Treasury Department's Financial Management Service regarding implementation of the final electronic funds transfer ("EFT") provisions of the *Debt Collection and Improvement Act of 1996*. WesPay is a non-profit financial trade association providing Automated Clearing House ("ACH") rules interpretation and application, education workshops and publications, and industry advocacy for approximately 1,150 financial institution and corporate members in the states of California, Hawaii, Idaho, Nevada, Oregon, Utah, and the American territory of Guam.

WesPay strongly supports the federal EFT mandate, which we believe will result in greater convenience and safety for federal payment recipients, and significant savings to taxpayers over subsequent years due to increased efficiencies associated with disbursing payments electronically through the ACH system. The following comments address issues we believe will impact our membership as this program is implemented:

- We support the Treasury Department's decision to rely on the existing payments system infrastructure, specifically the ACH network, to deliver federal EFT payments to government vendors. WesPay encourages the Treasury to rely to the greatest extent possible on accompanying operating rules, standards and procedures currently in place to support the processing and settlement of such commercial entries—namely, the National Automated Clearing House Association ("NACHA") *Operating Rules*.
- For most federal vendor payments, WesPay believes Treasury should rely on ACH transactions (credits) with accompanying remittance information as a low-cost and efficient solution for vendors who require payment related information. NACHA recently adopted a rule to require that, upon the request of the Receiver, or account holder, a Receiving Depository Financial Institution ("RDFI") must provide each Receiver all payment-related information contained within addenda records transmitted in Standard Entry Class code formats of CCD, CTX and CIE. RDFIs must provide this information to their account holders by the opening of business on the second banking

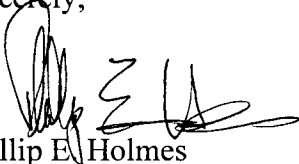
EFT  
#113

day following the settlement date of the entry. Software vendors have developed, or are in the process of developing, low-cost financial electronic data interchange ("FEDI") processing solutions to support the banking industry, in large part due to the passage of this rule amendment. We feel NACHA's adoption of this rule responds to the needs of vendors affected by the federal EFT mandate, as well as to broader commercial needs for corporate-to-corporate payments with accompanying FEDI.

- To the broadest extent possible, WesPay believes the Treasury should encourage all federal agencies to endorse use of NACHA's Automated Enrollment Entry ("ENR") format to collect information (payee account number, RDFI transit routing number, payee name, etc) needed to complete the sign-up process. Federal government agencies (i.e., SSA, OPM, RRB, VA, etc.) have had positive experience using the ENR format, seeing an increase in the accuracy of set-up information obtained and therefore a reduction in rejected or returned transactions. NACHA Operating Rules were recently amended to expand the availability of the ENR process for additional federal government applications. Use of ENR is now available to process enrollments for both credit and debit applications, for consumers and corporations. WesPay members as well benefit from the use of this format, by 1) speeding up the enrollment process through automation, and 2) controlling the accuracy of account information, thus reducing the chance that funds are originated to the wrong account.

WesPay and its membership are encouraged by the commitment of the federal government to the electronic payment process. We believe the EFT99 mandate provides tangible benefits for all involved parties—federal government agencies, financial institutions, consumers, and businesses, and strongly support Treasury efforts in this area. If you have any questions regarding WesPay's comments, please do not hesitate to call me at (650) 871-8762.

Sincerely,



Phillip E. Holmes

Vice President & Manager, Member Services

cc: Western Payments Alliance Board of Directors  
Ian W. Macoy, Senior Director, Government Relations, NACHA  
Linda O'Hara, Senior Vice President, Network Services, NACHA  
Peter Yeatrakas, President & CEO, Western Payments Alliance